



DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
ACQUISITION LOGISTICS AND TECHNOLOGY  
U.S. ARMY CONTRACTING AGENCY  
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SFCA-CP

4 APR 2003

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Contract Policy Support Policy (CPS) Update 2003-02, Suspension Of  
The Price Evaluation Adjustment For Small Disadvantaged Business -  
INFORMATION MEMORANDUM

This memorandum is in response to the Director of Defense Procurement and Acquisition Policy (DPAP) memorandum dated January 24, 2003, subject "Suspension of the Price Evaluation Adjustment for Small Disadvantaged Businesses."

The Director of DPAP memorandum suspends the use of the price evaluation adjustment prescribed in FAR 19.11 and DFARS 219.11 in all solicitations issued from February 24, 2003 to February 23, 2004 (enclosure). As requested by the Deputy Director of DPAP, this CPS Policy Update 2003-02 and DPAP memorandum are posted on the Army Contracting Agency (ACA) website under the Reference Library's CPS Policy Updates – CPS 2003-02.

If you have any questions regarding this matter, please contact, Anne Stevens, at commercial (703) 604-9292, DSN: 761-9292 or e-mail, [anne.stevens@us.army.mil](mailto:anne.stevens@us.army.mil).

Robert Friedrich  
Acting, Director of Contract Policy and Support  
Army Contracting Agency

Enclosure

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24 JAN 2003

In reply refer to  
DAR Tracking Number: 2003-00001

DPAP(DAR)

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES

DEPUTY FOR ACQUISITION MANAGEMENT, ASN(RDA)  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING), SAF/AQC  
ACTING DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(POLICY AND PROCUREMENT), ASA(AUT)  
EXECUTIVE DIRECTOR, LOGISTICS POLICY AND  
ACQUISITION MANAGEMENT (DLA)

SUBJECT: Suspension of the Price Evaluation Adjustment for Small Disadvantaged  
Businesses

Effective 30 days after the date of this memorandum, all Department of Defense (DoD) contracting activities shall suspend the use of the price evaluation adjustment for small disadvantaged businesses (SDBs) in DoD procurements, as prescribed in the Federal Acquisition Regulation (FAR) subpart 19.11 and Defense Federal Acquisition Regulation Supplement (DFARS) subpart 219.11

Subsection 2323(c) of title 10, United States Code (U.S.C.), as amended by section 801 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 and section 816 of the Bob Stump National Defense Authorization Act for Fiscal Year 2003, requires DoD to suspend the regulation implementing the authority to enter into a contract for a price exceeding fair market cost if the Secretary determines at the beginning of the fiscal year that DoD achieved the 5 percent goal established by subsection 2323(a) in the most recent fiscal year for which data are available. The determination was made in Fiscal Year 2002 that DoD exceeded the 5 percent goal established in 10 U.S.C. 2323(a) for contract awards to SDBs. Accordingly, use of the price evaluation adjustment prescribed in FAR 19.11 and DFARS 219.11 is suspended for DoD.

This suspension applies to all solicitations issued from February 24, 2003 to February 23, 2004.

Deidre A. Lee  
Director, Defense Procurement  
and Acquisition Policy

cc: DSMC, Ft. Belvoir

